

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D. C.

Joint Application of :
 :
AMERICAN AIRLINES, INC. :
and : DOT-OST-2008-
QANTAS AIRWAYS LIMITED :
 :
under 14 CFR Part 212 for statements of :
authorization (blanket codesharing) :

JOINT APPLICATION OF
AMERICAN AIRLINES, INC. AND QANTAS AIRWAYS LIMITED
FOR BLANKET CODESHARE AUTHORIZATIONS

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April 16, 2008

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American Airlines, Inc. (and its affiliates American Eagle Airlines, Inc. and Executive Airlines, Inc. d/b/a American Eagle) and Qantas Airways Limited hereby jointly apply under 14 CFR Part 212 for blanket statements of authorization, subject to 30-day notice, in order to engage in reciprocal codeshare services under the U.S.-Australia Open Skies Agreement announced on February 14, 2008 and signed by the two Governments on March 31, 2008.

The authority requested will replace the limited codeshare rights now held by American and Qantas as initially granted by Order 90-2-4, January 5, 1990, and subsequently renewed and amended in DOT-OST-1999-5161 and DOT-OST-2000-7785.

Specifically, American and Qantas are seeking the following authorizations:

(A) American requests a statement of authorization to display the Qantas QF* designator code in conjunction with foreign air transportation of persons, property, and mail on flights operated by American or its affiliates between (1) points in the United States; (2) points in the United States and points in Australia (either nonstop or via intermediate points in third countries); (3) points in the United States and points in third countries; and (4) points in Australia and points in third countries.

(B) Qantas requests a statement of authorization to display American's AA* designator code in conjunction with foreign air transportation of persons, property, and mail on flights operated by Qantas between (1) points in Australia; (2) points in Australia and points in the United States (either nonstop or via intermediate points in third countries); (3) points in Australia and points in third countries; and (4) points in the United States and points in third countries.

American holds all necessary underlying route authority on its open skies certificate for Route 835, issued by Order 2007-4-2, April 1, 2007, which is automatically updated when new open skies agreements are achieved. Qantas is contemporaneously submitting an application for amendment of its foreign air carrier permit and for an exemption seeking economic authority to the full extent of the U.S.-Australia Open Skies Agreement.

The blanket codeshare authorizations requested herein are fully consistent with the U.S.-Australia Open Skies Agreement, and with the public interest. Such authority is also consistent with the Department's policy of granting blanket rights to other codeshare partnerships in open skies regimes. See, e.g., Department Action, OST-99-6547, January 7, 2000 (American/Lan Chile); Department Action, OST-99-6544, January 7, 2000 (American/Finnair); Order 98-4-8, April 5, 1998 (United/Lufthansa).

American and Qantas will accept the Department's standard condition on third-country services. See, e.g., Notice of Action Taken, OST-99-5944, November 2, 1999 (American/Swissair), condition (e).

Blanket authorizations are in the public interest because they enable codeshare partners to develop the full range of services permitted under applicable bilateral agreements. Expansion of codeshare services operated by American and Qantas will provide a more efficient use of capacity in the marketplace, and will help maximize the range of service options available to the traveling and shipping public.

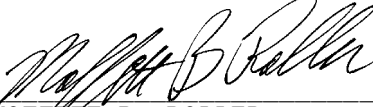
Following approval of this joint application, American and Qantas will continue to operate the codeshare services being provided under their present authority, and will add new codeshare services to the points listed in Exhibit A. The American/Qantas codeshare agreement is attached as Exhibit B.

Consistent with standard practice, American and Qantas will notify the Department no later than 30 days before commencing any additional codeshare services under the blanket authorizations we are seeking. This notice will specify the market(s) to be served, the identity of the carrier operating the aircraft in the codeshare market(s) being added, and the date on which the service will begin. American and Qantas will conduct all of their codeshare operations in compliance with 14 CFR Part 257.


In response to the Department's letter of June 1, 1995 to participants in the Civil Reserve Air Fleet Program, American states that the codeshare arrangement at issue here will have no impact on American's CRAF commitments.

American and Qantas request that blanket statements of authorization be granted for an indefinite period, consistent with the Department's practice in other codeshare proceedings.

Respectfully submitted,



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Attorneys for Qantas
Airways Limited



CARL B. NELSON, JR.
Associate General Counsel
American Airlines, Inc.

April 16, 2008

EXHIBIT A

INITIAL 30-DAY NOTICE

QF* On Flights Operated By American Or American Eagle
Beyond Qantas U.S. Gateways To Australia

Austin
Fresno
Monterey
Nashville
San Antonio
San Jose
San Luis Obispo
Santa Ana
Santa Barbara

AA* On Flights Operated By Qantas Behind Qantas Australian
Gateways To The U.S.

Alice Springs
Hobart

EXHIBIT B

CODESHARE AGREEMENT

between

AMERICAN AIRLINES, INC.

and

QANTAS AIRWAYS LIMITED

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CODESHARE AGREEMENT

This Codeshare Agreement (the “**Agreement**”), dated as of September 23rd 2004, is

between **American Airlines, Inc.**, a corporation organized under the laws of the State of Delaware, having its principal office at 4333 Amon Carter Boulevard, Fort Worth, Texas 76155, United States of America (“**American**”),

and **Qantas Airways Limited**, a corporation organized under the laws of the State of Queensland, Australia, having its principal office at 203 Coward Street, Mascot, New South Wales 2020, Australia (“**Qantas**”).

In consideration of the mutual covenants and promises in this Agreement, Qantas and American hereby agree as follows:

1. DEFINITIONS

1.1 In this Agreement unless the contrary intention appears:

- (a) a reference to a clause, schedule, annex, annexure, attachment or appendix is a reference to a section of or schedule, annex, annexure, attachment or appendix to this Agreement and references to this Agreement include any recital, schedule, annex, annexure, attachment or appendix;
- (b) a reference to this Agreement includes any variation or replacement of it;
- (c) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (d) the singular includes the plural and vice versa;
- (e) the word “person” includes a firm, a body corporate, an unincorporated association or an authority;
- (f) a reference to a person includes a reference to the person’s executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and assigns;
- (g) an agreement, representation or warranty in favor of two or more persons is for the benefit of them jointly and severally unless specified otherwise;
- (h) an agreement, representation or warranty on the part of two or more persons binds them jointly and severally unless specified otherwise;

- (i) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
 - (j) a reference to a day is to be interpreted as the period of time commencing at midnight at the applicable local time and ending 24 hours later; and
 - (k) references to the words “include” or “including” are to be construed without limitation to the generality of the preceding words.
- 1.2 Headings and the index are inserted for convenience and do not affect the interpretation of this Agreement.
- 1.3 Terms used but not defined in this Agreement shall be construed and interpreted in a manner consistent with the usage of such terms in the “IATA Interline Traffic Agreement - Passenger” set out in IATA Resolution 780 - Attachment A (the “**IATA Interline Traffic Agreement**”) and other IATA publications. It is understood that accepted international industry procedures and agreements relating to the interlining of passengers and baggage, including those set out in the IATA Interline Traffic Agreement, apply to the Parties’ cooperative relationship under this Agreement, except to the extent inconsistent or in conflict with the terms of this Agreement, in which case the terms of this Agreement prevail.
- 1.4 Terms defined in Annex A have the meaning specified in that Annex.
- 1.5 American and Qantas may each be referred to as a “**Party**” and may collectively be referred to as the “**Parties**”.

2. CODESHARE SERVICE

- 2.1 The Parties shall mutually designate certain flights on each other’s services on which the Parties shall place their respective Codes (each, a “**Codeshared Flight**”), which may include flights operated by their Affiliates, serving the city-pairs (each city-pair, a “**Codeshared Route**”). The list of Codeshared Routes on which the Parties and their Affiliates codeshare is attached hereto as Annex B.
- 2.2 The Parties will develop detailed written procedures for implementing the activities contemplated by this Agreement, including in relation to: designating Codeshared Flights, revenue management, reservations handling, customer services, ticketing, baggage through-check processes, and airport operations. If there is any inconsistency between the terms of this Agreement and any written procedures (as varied from time to time), the terms of this Agreement will prevail.
- 2.3 The Operating Carrier for each Codeshared Flight shall provide to the Codeshared Passengers, at a minimum, the same standard of customer service as it provides to its own passengers traveling in the same class of service.

- 2.4 The Parties shall use commercially reasonable efforts when formulating their service schedules to maximize the convenience, and minimize the waiting time of passengers making connections between the Codeshared Flights and other flights operated by the Parties; provided, however, that neither Party is obligated to operate specific flights or service schedules and each Party retains the right to determine the service schedules of its own flights. To ensure a high standard of passenger service, the Parties agree that the dependability and the operation completion factor for Codeshared Flights must meet the minimum standards set forth in Annex C.
- 2.5 The Parties may add Codeshared Flights, or discontinue Codeshared Flights, as agreed from time to time, without formally amending this Agreement. The Parties' agreement to effect such changes shall be evidenced by both the Marketing Carrier and Operating Carrier publishing such changes in the Airline Guides, CRSs, or Reservations Systems. The Operating Carrier reserves the right to discontinue any specific route, flight or schedule. In the event of discontinuation of a Codeshared Flight or Codeshared Route, the Operating Carrier shall notify the Marketing Carrier as soon as practicable and the Marketing Carrier shall cooperate in publishing the resulting changes to the Codeshared Flights.
- 2.6 In the event of any flight cancellation or other schedule irregularity, involuntary rerouting or denied boarding by the Operating Carrier with respect to a Codeshared Flight, the Operating Carrier shall (except to the extent such irregularity, involuntary rerouting or denied boarding is caused by the Marketing Carrier):
- (a) ensure that all passengers shall be handled in accordance with the same policies and procedures to avoid any discrimination against a Codeshared Passenger; and
 - (b) at its own cost and expense, accommodate and/or pay denied boarding compensation or otherwise compensate Codeshared Passengers, in accordance with and subject to the Marketing Carrier's policy as notified to the Operating Carrier.
- 2.7 The Operating Carrier will be entitled to conduct its codeshare services with respect to the Marketing Carrier's passengers in conformity with the Operating Carrier's Conditions of Carriage. The Operating Carrier must promptly notify the Marketing Carrier of any changes to its Conditions of Carriage after the date of this Agreement which may affect the performance of the Marketing Carrier's obligations under this Agreement. The Parties agree and acknowledge that the relationship between the Marketing Carrier and its passengers is governed by the Marketing Carrier's Conditions of Carriage. The Operating Carrier will indemnify and hold harmless the Marketing Carrier for any Damages arising from a claim by a passenger which results from the Operating Carrier's Conditions of Carriage being different or inconsistent with the Marketing Carrier's Conditions of Carriage.

- 2.8 The Operating Carrier shall ensure that each Codeshared Flight operated by it shall be operated under its operating certificate. In the event that the Operating Carrier intends to substitute for a Codeshared Flight an aircraft that will be operated under the operating certificate of a third party, including an Affiliate of the Operating Carrier, the Operating Carrier must provide the Marketing Carrier with prior written notice of its intention. Such notice shall be provided to the Marketing Carrier as soon as practicable after the Operating Carrier makes its decision regarding the aircraft substitution. In any event, if an aircraft is substituted, the Marketing Carrier shall have the right, should it elect to do so, to (i) accommodate its passengers on the substitute aircraft, or (ii) remove its Code from the Codeshared Flight, and reaccommodate its Codeshared Passengers ticketed for travel on such Codeshared Flight to another flight. The Operating Carrier shall reimburse the Marketing Carrier for all costs of such reaccommodation, including (i) any additional costs incurred to reaccommodate the Codeshared Passenger on a third party carrier acceptable to the Marketing Carrier, on the same route or with a routing that duplicates as closely as practicable, the Codeshared Passenger's original routing, in the same class of service if available, or if not, in a higher class of service, and (ii) any hotel, meal, and other incidental costs associated with the reaccommodation. This Section 2.8 shall not apply when American, as Operating Carrier, substitutes its aircraft for any Codeshared Flight with aircraft operated under the operating certificate of American Eagle Airlines, Inc., Executive Airlines, Inc., or TWA Airlines, LLC, or when Qantas, as Operating Carrier, substitutes its aircraft for any Codeshared Flight with aircraft operated under the operating certificate of Jetconnect Limited.
- 2.9 The Operating Carrier has the right, in its sole discretion, and except as provided for in Sections 2.6 and 2.8 without any liability to the Marketing Carrier, to delay, cancel, divert, or interrupt a Codeshare Service, or to operate a substitute aircraft type or to decrease the established payload. In any such event the Operating Carrier must:
- (a) notify the Marketing Carrier;
 - (b) ensure that all customers are looked after appropriately in accordance with the applicable Conditions of Carriage; and
 - (c) advise the Marketing Carrier of the alternative travel arrangements provided to the Marketing Carrier's passengers.
- 2.10 The Parties will comply with agreed procedures for and co-operate as fully as possible in the event of any delay, cancellation, disruption or diversion of a Codeshare Service with a view to:
- (a) minimizing delay and inconvenience to passengers;
 - (b) minimizing the loss of revenue to both Parties; and

- (c) taking all necessary action to ensure the operation of the flight is performed expeditiously and in accordance with the terms of this Agreement.
- 2.11 The Parties agree that the Operating Carrier shall have the final decision on arrangements to alleviate or remedy any delay, diversion, cancellation or disruption to the operation of the flight concerned.
 - 2.12 Except as may otherwise be provided in this Agreement, neither Party shall be liable to the other for any lost profits, lost revenue or lost prospective economic advantage which may have been incurred because of delays, cancellations, interruptions, diversions or disruptions to the operation of the Codeshare Flights.
 - 2.13 Except where Section 20 applies, if notice of the delay, cancellation, disruption or diversion to the Codeshare Service is provided to the Marketing Carrier less than 72 hours before the scheduled departure of that Codeshare Service, the Operating Carrier must pay for all costs and expenses in connection with any delay or disruption in respect of the passengers it is carrying including, but not limited to, cost of meals, accommodation, transfers and alternative travel arrangements.
 - 2.14 The Parties agree that any and all fines, costs and penalties incurred in respect of any passenger arriving in a country and which are imposed by border officials, due to the absence of any required Travel Documents shall be borne by the Party who checked or caused the passenger to be checked in and that Party indemnifies the other Party against all such fines, costs and penalties.
 - 2.15 Excess baggage charges will be collected from all passengers by the Operating Carrier in accordance with the applicable Conditions of Carriage.
 - 2.16 Subject to Section 2.17, the Operating Carrier retains all revenue accrued or collected for excess baggage on the Codeshared Flights.
 - 2.17 With respect to revenue accrued or collected for carriage of excess baggage on Codeshared Flights which connect to the Marketing Carrier's Codeshared Flights (including Codeshared Flights operated by the Marketing Carrier using the Operating Party's designator Code), the combined excess baggage revenue for the Codeshared Flights and the Marketing Carrier's connecting flights shall be allocated between the Parties in accordance with any prorate agreement between the Parties in force from time to time.
 - 2.18 Both the Operating Carrier and the Marketing Carrier must be members of an international baggage tracking system. Except as may otherwise be agreed, the Operating Carrier shall initiate tracing action on behalf of the Marketing Carrier for any lost load. If that tracing action is unsuccessful and a claim from a passenger in respect of the lost load is subsequently received the Operating Carrier:
 - (a) has responsibility for processing the claim; and

- (b) bears the charges and any payment for lost baggage claims, initial expenses and restoration charges claimed by that passenger (calculated in accordance with the Marketing Carrier's ex gratia emergency expenses).

3. IMPLEMENTATION EXPENSES

- 3.1 Each Party shall bear its own costs and expenses of performance under this Agreement, including, without limitation, costs and expenses associated with the following unless otherwise agreed in writing by the Parties:
 - (a) any systems to support the automation of procedures and settlement relating to the Codeshared Flights (e.g., PNR exchange, yield management, revenue accounting, etc.), including routine maintenance thereof; and
 - (b) any roadside, exterior, check-in, concourse, gate and baggage service signage, subject to applicable regulations and airport restrictions, placed at airports and city ticket offices in locations served by the Codeshared Flights in order to facilitate travel on the Codeshared Flights.
- 3.2 Each Party shall retain all right, title and interest in systems, software, signage, equipment and facilities developed or funded by it. Ownership of jointly funded items shall be determined by the Parties in advance of each specific project.

4. INVENTORY CONTROL AND PROCEDURES

- 4.1 The availability of Marketing Flights will be controlled by standard AVS (availability status) of the Operating Carrier. The Marketing Carrier will have access to the Operating Carrier's local inventory class availability through an automated computerized interface, which both Parties will use reasonable endeavors to maintain throughout the Term of this Agreement.
- 4.2 The Parties acknowledge that there are system limitations that sometimes result in the overbooking of flights by the Marketing Carrier. The Parties will use their best endeavors to overcome these system limitations and will work with one another to resolve any overbooking issues and where a particular class was closed at the time of booking all efforts will be made to try to offer an alternative flight.
- 4.3 Each Party shall establish fares and rates independently of the other Party.

5. MARKETING AND PRODUCT DISPLAY

- 5.1. In accordance with applicable legislation, regulations, industry codes of conduct and government requirements, including but not limited to 14 C.F.R. Parts 257 and 258, Qantas and American will, in their respective selling and marketing of

the Codeshared Flights, maintain measures to bring to the attention of their customers and potential customers before a Ticket on a Codeshared Flight is sold, that:

- (a) the flight is a Codeshared Flight; and
 - (a) the carrier operating the flight is Qantas or American (or its respective Affiliate), as the case may be; and
 - (b) if the Operating Carrier has a wetlease arrangement in place in respect of the Codeshared Flight, that the wetlease arrangement exists and the name of the carrier operating the aircraft.
- 5.2. The Marketing Carrier may identify the Codeshared Flights, to the extent permitted by governmental rules and regulations, in Airline Guides, CRSs, Reservations Systems and other sources of airline schedule information using the Marketing Carrier's Code. Any costs incurred for the publication of Marketing Flights or connections to and from such flights in Airline Guides, CRSs, Reservation Systems and other sources of airline schedule information shall be borne by the Marketing Carrier.
- 5.3. If the Marketing Carrier is not authorized to offer air transport services on a particular Codeshared Route, the Marketing Carrier shall file its standard schedule data for the applicable Codeshared Flight in such Codeshared Route using the traffic restriction code "Y" (or any successor code), as defined in the IATA Standard Schedules Information Manual, Appendix G, in order to suppress the display of that Codeshared Route (i.e., the Marketing Carrier's Codeshared Flights on such route will be limited to passengers connecting online to another flight marketed and/or operated by the Marketing Carrier).
- 5.4. The Parties agree that the cost of advertising and promotional materials and other distributions and publications ("**Advertisements**") shall be borne by the Party producing the Advertisement unless otherwise agreed in writing.
- 5.5. Advertising communications and promotional material produced or distributed by Qantas and American concerning the Codeshared Flights shall clearly indicate the carrier operating the Codeshared Flights.
- 5.6. Each Party may use its own flight number in referencing the Codeshared Flights except that only the Operating Carrier's flight number shall be used in actual flight operations (e.g., air traffic control).

6. TRAFFIC DOCUMENT ISSUANCE AND FINANCIAL SETTLEMENT

- 6.1 Passenger traffic documents for use on the Codeshared Flights may be issued by either Party, or by third parties with whom the Parties from time to time have interline traffic agreements.

- 6.2 All Marketing Carrier Flight Coupons honored on Codeshared Flights shall be uplifted by the Operating Carrier, which is responsible for processing and billing of such documents as follows:
- (a) The Operating Carrier shall bill uplifted coupons to the Ticketing Carrier using the normal interline settlement process of the IATA Clearing House.
 - (b) Subject to Sections 6.2(c), 6.2(e) and 6.2(f), Marketing Carrier Flight Coupons shall be treated for proration and billing purposes as if they showed the Operating Carrier's Designator Code in the carrier Code box of the Marketing Carrier Flight Coupons. Such Marketing Carrier Flight Coupons will be prorated and billed according to the Revenue Apportionment Agreement then in force between the members of the **oneworld alliance ("RAA")** provided the Operating Carrier and the Ticketing Carrier are parties to the RAA, Otherwise, the coupons will be prorated and billed according to any Special Prorate Agreement between the Operating Carrier and Ticketing Carrier.
 - (c) If the Operating Carrier does not have an interline traffic agreement with a third party Ticketing Carrier that issued a Marketing Carrier Ticket, and is unable to obtain satisfactory settlement, the Operating Carrier may bill such coupon to the Marketing Carrier as an exceptional item (i.e., via correspondence) and such coupons shall be valued for billing and proration purposes according to the IATA Prorate Manual.
 - (d) If the Operating Carrier has an interline traffic agreement with a third party Ticketing Carrier that issued a Marketing Carrier Ticket but is unable to obtain satisfactory settlement, the Marketing Carrier shall assist the Operating Carrier in settling such account but shall not be liable for any losses incurred due to an unsatisfactory settlement.
 - (e) In addition to the settlement set out in Section 6.2(b) where the Codeshared Flight is operated by Qantas on a transpacific route (as specified in Annex B), the Operating Carrier shall on a monthly basis determine the net prorated value (as determined in accordance with Section 6.2(a)) of Marketing Carrier Flight Coupons uplifted by it during the previous month and calculate the commission (the **"American Codeshare Commission"**) by multiplying such coupon values by the applicable commission percentages set forth in Annex D. The Operating Carrier shall credit the account of the Marketing Carrier for the aggregate American Codeshare Commission through the IATA Clearing House. The Operating Carrier shall provide supporting data to the Marketing Carrier no later than thirty (30) days after the end of the IATA clearance month in which the credit is provided. The Marketing Carrier shall be entitled to review and, if appropriate, dispute, via correspondence, the Operating Carrier's calculation of the American Codeshare Commission; provided, however, the Operating Carrier must receive note of such dispute within nine (9) months from the relevant IATA clearance month in

which the credit was provided. Any resulting payments will be processed through the IATA Clearing House.

- (f) In addition to the settlement set out in Section 6.2(b), where the Codeshared Flight is operated by American on a transpacific route (as specified in Annex B), the Operating Carrier shall on a monthly basis determine the gross prorated value (as determined in accordance with Section 6.2(a)) of Marketing Carrier Flight Coupons uplifted by it during the previous month and calculate the commission (the **"Qantas Codeshare Commission"**) by multiplying such coupon values by the applicable commission percentages set forth in Annex D. The Operating Carrier shall credit the account of the Marketing Carrier for the aggregate Qantas Codeshare Commission through the IATA Clearing House. The Operating Carrier shall provide supporting data to the Marketing Carrier no later than thirty (30) days after the end of the IATA clearance month in which the credit is provided. The Marketing Carrier shall be entitled to review and, if appropriate, dispute, via correspondence, the Operating Carrier's calculation of the Qantas Codeshare Commission; provided, however, the Operating Carrier must receive note of such dispute within nine (9) months from the relevant IATA clearance month in which the credit was provided. Any resulting payments will be processed through the IATA Clearing House.

- 6.3 The Ticketing Carrier, whether it be the Marketing Carrier, the Operating Carrier or a third party, shall receive the applicable Interline Service Charge and/or ticket handling fee.
- 6.4 To support interline billing by the Operating Carrier to third parties and involuntary rerouting and refunding of Marketing Carrier Tickets by the Operating Carrier, the Marketing Carrier hereby waives endorsement requirements for the Operating Carrier with respect to all Marketing Carrier Flight Coupons, including: (i) all Marketing Carrier Flight Coupons for use on Codeshared Flights operated by Qantas between the United States and Australia/New Zealand, or within Australia/New Zealand (including between Australia and New Zealand), issued on American-AA (001) ticket stock, or on other ticket stock, but naming American in the "Carrier" box, and (ii) all Marketing Carrier Flight Coupons for use on Codeshared Flights operated by American within the United States, or within the Americas (i.e., North America, South America, Central America and the Caribbean), issued on Qantas-QF (081) ticket stock, or on other ticket stock, but naming Qantas in the "Carrier" box. Unless otherwise agreed in writing by the Parties, such waiver shall be effective on execution of this Agreement, and shall remain in effect for ninety (90) days after the termination of this Agreement to facilitate the reaccommodation of any Codeshared Passengers ticketed for travel after the termination date.

7. TRAINING

- 7.1. Except as otherwise agreed, each Party shall provide or arrange, at its own cost and expense, all initial and recurring training of its personnel to facilitate the

Codeshared Flights and operations at airports served by the Codeshared Flights, including reservations and ticket offices, and other points of contact between the Parties and the public. This training shall include passenger service, reservations and sales activities, and in-flight service involving the Codeshared Flights.

- 7.2. The Parties shall share any training materials developed to support the Codeshared Flights. All proprietary rights to any materials exchanged shall remain with the Party who originally developed such materials.

8. SAFETY, MAINTENANCE, SECURITY AND EMERGENCY PROCEDURES

- 8.1. The Operating Carrier shall have sole responsibility for the maintenance of its leased and owned aircraft, and for other equipment used in connection with the Codeshared Flights. Maintenance of such aircraft and equipment must, at a minimum, comply with the standards imposed by the relevant aeronautical authorities.
- 8.2. Each Party shall employ prudent safety and loss prevention policies with regard to the Codeshared Flights in accordance with airline industry standards generally recognized in the country of operation, and must provide to the other Party throughout the Term of this Agreement details of all of its current safety and security policies and procedures (including, but not limited to, policies and procedures relating to persons in custody, carriage of firearms and baggage screening), corporate emergency plans, aviation security programs, and any other security or safety document which is requested by the other Party from time to time.
- 8.3. American and Qantas agree to comply with all government, their own internal safety and security procedures and requirements and the security requirements set out in this Agreement regarding passengers, baggage, maintenance, cargo and company mail. American and Qantas will coordinate and cooperate with each other to implement those safety and security procedures and requirements.
- 8.4. The Operating Carrier has final authority and responsibility concerning the operation and safety of the aircraft and its passengers. Emergency Support shall be in accordance with the **oneworld** Emergency Assistance Agreement and the **oneworld** Emergency Planning Manual in force between the members of the **oneworld** alliance.
- 8.5. The Marketing Carrier shall have the right, at its own cost, to review and observe the Operating Carrier's operations of Codeshared Flights, and/or to conduct a reasonable safety, security and/or service review of the Operating Carrier's operations, manuals, and procedures reasonably related to the Codeshared Flights (the "**Marketing Carrier Reviews**"), at such intervals as the Marketing Carrier shall reasonably request. The Marketing Carrier Reviews shall be coordinated with the Operating Carrier so as to avoid disruptions to the Operating Carrier's operations. Such reviews will be limited to areas that reasonably relate to the Operating Carrier's safety and security standards and

service obligations under this Agreement. **NOTWITHSTANDING THE FOREGOING, THE MARKETING CARRIER DOES NOT UNDERTAKE ANY RESPONSIBILITY OR ASSUME ANY LIABILITY FOR ANY ASPECT OF THE OPERATING CARRIER'S OPERATIONS, NOR SHALL THE OPERATING CARRIER BE ENTITLED TO ASSERT ANY RESPONSIBILITY OR ASSUMPTION OF LIABILITY ON THE PART OF THE MARKETING CARRIER FOR THE OPERATING CARRIER'S OPERATIONS.**

- 8.6. The provision of any information or documents by a Party, or the inspection of a Party's information, documents, premises, equipment or personnel in accordance with this Agreement (including, but not limited to, under this Section 8) does not:
- (a) lead to any implied or actual responsibility for the safety or security of that Party's operation; or
 - (b) affect any indemnity given under this Agreement in any way; or
 - (c) give rise to any action for contributory negligence against the Party inspecting those documents, premises, equipment or personnel; or
 - (d) confer upon any third parties the benefits of this Agreement.

9. COMPANY & EMPLOYEE TRAVEL AND COMPANY MATERIAL

All air travel industry discounted, staff and rebated travel on the Codeshared Flights shall be in accordance with the rules and regulations of the oneworld Staff Ticket Agreement in place at the time of the relevant travel.

10. OTHER MARKETING PROGRAMS

- 10.1 The Frequent Flyer Participating Carrier Agreements shall govern the participation of each Party in the other Party's frequent flyer program.
- 10.2 Lounge access to each Party's lounges shall be governed by the Lounge Access Agreements.

11. TRADEMARKS AND CORPORATE IDENTIFICATION

- 11.1 Each of Qantas and American acknowledges for all purposes that any and all logos, trademarks, service marks, and trade names of the other, whether registered or not, are and shall at all times remain the exclusive property of the other Party, and may not be used without the prior written consent of such Party, except as set forth herein. Each of Qantas and American further acknowledges that any goodwill or other rights that arise as a result of the use by it of the other Party's marks, as permitted under this Agreement, shall accrue solely to the

benefit of the Party owning such marks, whether registered or not. Should any right, title or interest in the logos, trademarks, service marks or trade names of a Party become vested in the other Party, the latter Party shall hold such right, title and interest in trust for the benefit of the former Party and shall, at the request of the former Party, promptly and unconditionally assign such right, title and interest to the former Party without royalties or compensation of any kind.

- 11.2 Neither Party will use the other Party's trademark or other intellectual property without first obtaining that Party's approval.
- 11.3 Each Party agrees to use the Licensed Trademarks only in a manner approved in advance and in writing by the Party owning such Licensed Trademarks. Each Licensed Trademark of American shall be marked with an ® or SM or other symbol, as appropriate, and in respect of American Codeshare Flights, Qantas will reference a legend indicating that **"American Airlines is a service mark of American Airlines, Inc."**, or similar words to that effect.
- 11.4 Each Party agrees that all advertising and promotional materials bearing the Licensed Trademarks in relation to air transportation services contemplated by this Agreement shall meet the quality and presentation standards as set forth by the Party owning the relevant Licensed Trademark.
- 11.5 Each Party has sole discretion to determine the acceptability of both the quality and presentation of advertising and promotional materials using its Licensed Trademark.
- 11.6 Each Party is responsible for providing to its own authorized agents and airport locations the agreed promotional materials bearing the Licensed Trademarks.

12. **REPRESENTATIONS AND WARRANTIES**

- 12.1 Each of Qantas and American hereby represents and warrants to the other as follows:
 - (a) It is a duly incorporated and validly existing corporation, in good standing under the laws of its jurisdiction of incorporation; is an air carrier duly authorized to act as such by the government of its country of incorporation; and has the requisite corporate power and authority to enter into and perform its obligations under this Agreement. The execution, delivery, and performance of this Agreement by it have been duly authorized by all necessary corporate action. This Agreement has been duly executed and delivered by it, and, assuming due authorization, execution, and delivery by the other Party hereto, this Agreement constitutes its legal, valid, and binding obligation, enforceable against it in accordance with its terms, except to the extent that enforceability may be limited or modified by the effect of bankruptcy, insolvency or other similar laws affecting creditors' rights generally, and the application of general principles of equity and public policy.

- (b) The execution, delivery or performance by it of this Agreement, shall not:
 - (i) contravene, conflict with or cause a default under A) any applicable law, rule or regulation binding on it, or B) any provision of its Charter, Certificate of Incorporation, Bylaws or other documents of corporate governance; or
 - (ii) contravene, or cause a breach or violation of, any agreement or instrument to which it is a party or by which it is bound, except where such conflict, contravention or breach would not have a material adverse effect on it and its Affiliates, or on the operations of it or its Affiliates, taken as a whole or on its ability to perform this Agreement.

12.2 Each of the foregoing representations and warranties shall survive the execution and delivery of this Agreement.

13. GOVERNMENTAL APPROVALS

- 13.1 Any Codeshared Flight performed on any Codeshared Routes shall not commence until all required Governmental Approvals are received. Each Party shall use all commercially reasonable efforts to obtain those Governmental Approvals for which it has been allocated responsibility under Section 13.5 and Section 13.6, and any other Governmental Approvals that may hereafter be identified.
- 13.2 If the Parties obtain none of the Governmental Approvals required for the Codeshared Routes listed in Annex B within three hundred sixty five (365) days of the date of this Agreement, or if all of such Governmental Approvals are given with substantial unfavorable restrictions or conditions (each Party to determine in its sole discretion the reasonableness of such restrictions or conditions), the Parties shall negotiate in good faith to find an equitable solution to enable the commencement of the Codeshared Route(s). If a solution cannot be formulated within ninety (90) days following commencement of such negotiations, either Party may terminate this Agreement upon thirty (30) days' prior written notice to the other Party.
- 13.3 In the event Governmental Approvals are not obtained in relation to any Codeshared Route, the Parties will negotiate in good faith to find an equitable solution to enable the commencement of the Codeshared Route. If a solution can not be formulated within ninety (90) days of the commencement of negotiations, the applicable Codeshared Route will be excluded from Annex B.
- 13.4 Each Party shall immediately provide the other Party with copies of any correspondence or notices it receives from any Competent Authority with respect to the Codeshared Routes, Codeshared Flights or this Agreement, including with respect to the airworthiness of the aircraft used for the Codeshared Flights or noncompliance by the Operating Carrier with operational, training or safety rules and procedures.
- 13.5 American shall secure and maintain the following Governmental Approvals:

- (a) Economic authority from the United States Department of Transportation ("DOT") to codeshare with Qantas over the Codeshared Routes.
- (b) License from the relevant Australian aviation authority to enter into the codesharing arrangement with Qantas.
- (c) Statement of Authorization under 14 CFR, Part 207 from DOT to place the Qantas Code on the Codeshared Flights operated by American.
- (d) where necessary, and in co-ordination with Qantas, approval/ authorization of the Codeshared Flights from any other governmental bodies/ agencies having jurisdiction over the codeshare, including those in third countries.

13.6 Qantas shall secure and maintain the following Governmental Approvals:

- (a) where necessary, codeshare approval from the Australian International Air Services Commission;
- (b) Statements of Authorization under 14 CFR Part 212 from DOT to place the American Code on Codeshared Flights operated by Qantas; and
- (c) where necessary, and in co-ordination with American, approval/ authorization of the Codeshared Flights from any other governmental bodies/ agencies having jurisdiction over the codeshare, including those in third countries.

13.7 With the exception of Sections 3, 11, 13.2, 14, 21, 23, 24, 25, 29 and 30, the effectiveness of this Agreement is subject to the Parties securing the Governmental Approvals referred to in Sections 13.5 and 13.6.

14. TERM AND TERMINATION

- 14.1 Subject to Section 13.7, this Agreement shall commence on the date of execution and, subject to early termination pursuant to the terms of this Agreement, shall continue for a term of
- 14.2 This Agreement may be terminated without cause by either Party giving at least written notice to the other Party provided that the notice of termination will not be given before the second anniversary of the date of execution of this Agreement.
- 14.3 Throughout the Term, either Party has the right to immediately terminate this Agreement by giving written notice to the other Party, if:
 - (a) the Agreement is disapproved by any of the Competent Authorities having supervisory jurisdiction over that Party;

- (b) any one or more of the necessary rights, licenses, permits, or authorizations necessary for the performance of the Codeshared Flights are at any time withdrawn, lapsed, revoked or not obtained;
- (c) there is a material change in the corporate ownership or effective control of the other Party so that a different person or persons acting as a group direct or cause the direction of the management and policies of that Party, whether through the ownership of voting securities or by contract or otherwise (providing however, that when in the ordinary course of business a change of a person or persons holding individual management positions with a Party is made shall not be deemed a change of control);
- (d) the other Party ceases to be a member of the oneworld alliance; or
- (e) the Parties mutually consent in writing to such termination.

14.4 Throughout the Term, in the event of:

- (a) any material breach of any of the terms and conditions of this Agreement; or
- (b) several breaches which, when added together have the effect of a material breach of any of the terms and conditions of this Agreement,

the non-breaching Party may send a notice of default to the breaching Party (describing with reasonable particularity the material breach). If the breaching Party has not cured such material breach within thirty (30) days following receipt of such notice, then the non-breaching Party may terminate this Agreement with immediate effect by serving a notice of termination to the breaching Party which shall be without waiver of any other right or remedy that the non-breaching Party may have.

- 14.5** Either Party may terminate this Agreement with immediate effect at any time if the other Party becomes insolvent, has a resolution passed for its compulsory or voluntary winding up (except for the purposes of amalgamation or reconstruction), has a receiver, manager or administrator appointed over all or part of its assets, or if any scheme of arrangement is entered into with the majority of its creditors.
- 14.6** The Marketing Carrier may terminate this Agreement with immediate effect if the Operating Carrier has failed substantially to operate the Codeshared Routes for fourteen consecutive days and the Marketing Carrier forms the view that the Operating Carrier will not resume operating on the Codeshared Routes within a reasonable period as determined by the Marketing Carrier.
- 14.7** Throughout the Term, either Party has the right to suspend or terminate this Agreement immediately by giving written notice to the other Party in the event that it has reason to suspect or believe or in the event that:

- (a) the other Party has suffered a significant emergency or serious incident or accident or received a serious threat that relates to any of that Party's flights or to a Codeshared Flight or Codeshared Route; or
- (b) the other Party has received from any relevant Competent Authority notice that it has failed to comply with applicable safety or security requirements; or
- (c) the other Party is not complying with all other safety and security procedures, practices and requirements agreed between the Parties; or
- (d) the United States Department of Transportation ("**DOT**") or the United States Department of Defense ("**DOD**"), or the Australian Department of Transport and Regional Services, the Australian Department of Defence, the Australian Civil Aviation Safety Authority, the Australian Transport Safety Bureau, Air Services Australia or equivalent body, has ordered in writing or orally that the Marketing Carrier's Code be removed from Codeshared Flights or Codeshared Routes operated by the Operating Carrier for any reason whatsoever; or
- (e) the civil aviation authority of the other Party's country of domicile does not provide safety oversight of its air carrier operators in accordance with the minimum safety oversight standards established by the International Civil Aviation Organization ("**ICAO**"), including where Australia receives a rating of Category 2 from the Federal Aviation Administration ("**FAA**").

If a Party suspends this Agreement pursuant to this Section, as soon as the reason for the suspension no longer exists it must give notice to the other Party and the Agreement will recommence within 14 days after the date of the notice. A Party that suspends this Agreement pursuant to this Section may at any time during the suspension terminate this Agreement by giving notice in writing to the other Party. If this Agreement is suspended or terminated pursuant to this Section, Sections 14.8 through 14.10 shall apply.

14.8 If this Agreement is terminated for any reason whatsoever, Qantas and American will, from and after the effective date of termination:

- (a) at the earliest opportunity remove their flight designator codes (where they are the Marketing Carrier) from all CRSs, Reservations Systems, timetables, displays, schedules and other publications in relation to all existing and planned Codeshared Flights;
- (b) notify customers with Marketing Carrier Tickets and bookings; and
- (c) seek to prevent further Marketing Carrier Tickets from being issued and bookings being made under the relevant Code for the discontinued Codeshared Flights.

- 14.9 Any termination of this Agreement shall be without prejudice to any rights or obligations of the Parties which may have arisen prior to such termination. The following Sections survive termination of this Agreement:
- (a) the release and indemnification provisions of Section 2.7, Section 2.14, Section 8.6 and Section 15 and the insurance provisions of Section 16;
 - (b) the representations and warranties in Section 12; and
 - (c) the confidentiality obligations of Section 24; and
 - (d) any other provisions of this Agreement which by their nature should survive termination (including provisions which expressly provide for their own survival or the survival of other provisions).
- 14.10 Subject to Section 14.11 and unless otherwise agreed between the Parties, if this Agreement is terminated, the Marketing Carrier shall endorse all its Tickets for Codeshared Flights to the Operating Carrier, and the Operating Carrier shall accept all confirmed reservations for the Codeshared Flights as if such reservations had been booked using ordinary interline procedures, provided that the Operating Carrier shall have the option to endorse its Tickets of the Codeshared Flights to the Marketing Carrier or any other carrier. The Operating Carrier shall also have the option to transfer confirmed reservations for the Codeshared Flights to the Marketing Carrier or any other carrier.
- 14.11 A Party who has terminated this Agreement under Section 14.5 or 14.6 is not obliged to comply with Section 14.10.

15. **INDEMNIFICATION**

- 15.1 Without prejudice to any other written agreement or arrangement of either Party to indemnify the other, the Party that is the Operating Carrier (or whose Affiliate is the Operating Carrier) shall indemnify, defend, and hold harmless the Marketing Carrier and its Affiliates and their respective directors, officers, employees and agents (each individually, or all collectively a **"Marketing Carrier Indemnified Party"**) from and against any and all Damages to the extent they arise out of, are caused by, or occur in connection with (or are alleged to arise out of, be caused by or occur in connection with) any of the following:
- (a) the death of or any injury to or delay of persons, or delay or loss of or damage to property (including aircraft, equipment, baggage, mail or cargo), occurring while such persons or property are under the control of or in the custody of, or being transported by, the Operating Carrier (including the death of or any injury to Codeshared Passengers traveling on Marketing Carrier Tickets that purport to implement limits or conditions of liability or jurisdictional rules or Conditions of Carriage with respect to passenger claims that differ from those of the Operating Carrier);

- (b) third party Damages resulting directly from negligent acts or omissions or willful misconduct of the Operating Carrier, which are in any way related to services contemplated by this Agreement;
- (c) breach by the Operating Carrier of any provision of this Agreement; and
- (d) infringement of a third party's intellectual property rights by the Operating Carrier in the course of carrying out the Operating Carrier's obligations contemplated under this Agreement.

PROVIDED THAT, the Operating Carrier shall not be required to indemnify any Marketing Carrier Indemnified Party for any Damages arising out of, caused by, or occurring in connection with any Marketing Carrier Indemnified Party's negligence or willful misconduct.

15.2 Subject to the indemnities provided in Section 15.1, and without prejudice to any other written agreement or arrangement of either Party to indemnify the other, the Party that is the Marketing Carrier (or whose Affiliate is the Marketing Carrier) shall indemnify, defend, and hold harmless the Operating Carrier and its Affiliates and their respective directors, officers, employees, and agents (each individually, or all collectively an "**Operating Carrier Indemnified Party**") from and against any and all Damages to the extent they arise out of, are caused by, or occur in connection with (or are alleged to arise out of, be caused by or occur in connection with) any of the following:

- (a) the death of or any injury to or delay of persons, or delay or loss of or damage to property (including aircraft, equipment, baggage, mail or cargo), occurring while such persons or property are under the control of or in the custody of, or being transported by, the Operating Carrier (including the death of or any injury to Codeshared Passengers traveling on Marketing Carrier Tickets that purport to implement limits or conditions of liability or jurisdictional rules or Conditions of Carriage with respect to passenger claims that differ from those of the Operating Carrier), but only to the extent caused by the negligence or willful misconduct of the Marketing Carrier;
- (b) third party Damages resulting directly from negligent acts or omissions or willful misconduct of the Marketing Carrier (or a Marketing Carrier Affiliate), which are in any way related to the Marketing Carrier's obligations contemplated under this Agreement;
- (c) the Marketing Carrier's failure to properly issue, deliver and complete transportation documentation in accordance with the provisions of the standard IATA or other applicable ticketing procedures, including the failure to put a proper notice of the limits of liability under the Warsaw Convention, as amended, on such documentation (it being understood that in ticketing Codeshared Passengers, the Marketing Carrier is entitled to apply the limits of liability provided for in its own Conditions of Carriage); PROVIDED, however, that the Marketing Carrier shall only be liable under this Section 15.2(c) for that portion of any Damages that is in

excess of the Damages against which the Operating Carrier would have been required to indemnify the Marketing Carrier under Section 15.1 if the Marketing Carrier had properly complied with all IATA ticketing procedures;

- (d) breach by the Marketing Carrier of any provision of this Agreement; and
- (e) infringement of a third party's intellectual property rights by the Marketing Carrier in the course of carrying out the Marketing Carrier's obligations contemplated under this Agreement.

15.3 A Party (the "**Indemnified Party**") that believes it is entitled to indemnification from the other Party (the "**Indemnifying Party**") pursuant to the terms of this Agreement with respect to a claim for Damages shall provide the Indemnifying Party with prompt written notice (an "**Indemnification Notice**") of such claim (provided, however, that the failure to give such notice shall not relieve the Indemnifying Party of its obligations hereunder except to the extent that such failure is materially prejudicial to the Indemnifying Party), and the Indemnifying Party shall be entitled, at its own cost and expense and by its own legal advisors, to control the defense of or to settle any such claim. The Indemnifying Party shall have the right to elect to settle any such claim for monetary damages only, subject to the consent of the Indemnified Party; provided, however, if the Indemnified Party fails to give such consent in writing to a settlement that has been agreed upon by the Indemnifying Party and the claimant in question within 20 Business Days of being requested to do so, the Indemnified Party shall assume the defense of such claim and regardless of the outcome of such matter, the Indemnifying Party's liability hereunder shall be limited to the amount of any such proposed settlement. If the Indemnifying Party fails to take appropriate action against the claim that is the subject of an Indemnification Notice within 20 Business Days of receiving such Indemnification Notice, or in any way unreasonably contests its obligation to indemnify the Indemnified Party in connection therewith, the Indemnified Party may, upon providing prior written notice to, but without the further consent of, the Indemnifying Party settle or defend against such claim for the account, and at the expense, of the Indemnifying Party. Except as set forth in this Section 15.3 and Section 15.4, the Indemnified Party shall not enter into any settlement or other compromise or consent to a judgment with respect to a claim for Damages to which the Indemnifying Party has an indemnity obligation.

15.4 Each Indemnified Party shall have the right, but not the duty, to participate in the defense of a claim for Damages with attorneys of its own choosing and at its own cost, without relieving the Indemnifying Party of any obligations hereunder.

15.5 This Section 15 shall survive the termination of this Agreement.

16. **INSURANCE**

16.1 The Operating Carrier shall procure with insurance carriers of known financial responsibility, insurance of the type and in the amounts listed below for a period

sufficient to cover the Operating Carrier's liabilities under this Agreement and which names the Marketing Carrier as an additional insured to the extent of its obligations hereunder:

- (a) Third Party Legal Liability in respect of all operations, including but not limited to aircraft (owned and non-owned), liability (including risks hijacking and allied perils), passenger and crew baggage and personal effects, funeral and repatriation expenses (including crew), all expenses arising out of the Family Assistance Act (United States) and/or similar regulations applying elsewhere in the world, cargo, mail, hangarkeepers, comprehensive general liability, or its equivalent including premises, products, completed operations, liquor law liability, and contractual liability. This insurance must be primary without right of contribution from any insurance carried by the Marketing Carrier to the extent of the indemnity specified in Section 15.1, and shall (i) name the Marketing Carrier and the Marketing Carrier Indemnified Parties as additional insureds to the extent of the protections afforded the Marketing Carrier under the indemnity specified in Section 15.1, (ii) contain a severability of interest clause and a breach of warranty clause in favor of the Marketing Carrier, (iii) specifically insure the Operating Carrier's indemnification obligations under this Agreement to the full extent of the coverage provided by the Operating Carrier's policy or policies, and (iv) contain a provision stating that the Operating Carrier's policy or policies are amended to comply with the laws and regulations of any local, federal, or other governmental authority having jurisdiction over aircraft operated by the Operating Carrier.

The Operating Carrier shall maintain a limit of liability of not less than USD \$500,000,000 per any one occurrence for each aircraft, including bodily injury, personal injury, property damage, passenger (including Codeshared Passengers and other revenue and non-revenue passengers) legal liability combined, over all coverages and in the aggregate as applicable, but personal injury limited to USD \$25,000,000 except with respect to passengers (including Codeshared Passengers and other revenue and non-revenue passengers).

- (b) Hull all risk insurance, including war risk, and such policy shall include a waiver of subrogation in favor of the Marketing Carrier to the extent of the indemnity specified in Section 15.1.
- (c) Worker's compensation and employer's liability insurance, or such other similar or equivalent insurance carried outside of the United States, in accordance with applicable statutory requirements.

- 16.2 The Operating Carrier shall provide the Marketing Carrier with certificates of insurance evidencing such coverage no less than thirty (30) days prior to the commencement of the first Codeshared Flight, and thereafter within five (5) Business Days of the date of any renewal of such coverage. The certificates must indicate that the above coverage shall not be canceled or materially altered without thirty (30) days' advance written notice to the Marketing Carrier and that

the Marketing Carrier shall be notified of any expiration or renewal of such coverage. The notice period in respect of war and allied perils coverage shall be seven (7) days or such lesser period as is or may be available in accordance with policy conditions.

17. TAXES

- 17.1 Subject to Section 17.4, each Party shall be responsible for any net or gross income or franchise taxes (or taxes of a similar nature) on the revenues or income or any measure thereof which is attributable to it in connection with the sale of air transportation pursuant to this Agreement.
- 17.2 The Party that acts as the Ticketing Carrier in respect of any particular transaction shall collect, except as otherwise prohibited by law, all Ticket Taxes relating to tickets sold or travel documents issued by it with respect to air transport pursuant to this Agreement. The Parties hereby agree as follows:
- (a) The Ticketing Carrier shall collect, report and remit to the taxation authorities any non-interlineable Ticket Taxes levied in connection with sales of the Codeshared Flights.
 - (b) The Ticketing Carrier shall collect any interlineable Ticket Taxes levied in connection with the sales of the Codeshared Flights. If the Ticketing Carrier is the Marketing Carrier or a third party, the Operating Carrier shall report and issue a debit invoice to the Ticketing Carrier through the IATA Clearing House for any interlineable Ticket Taxes levied in connection with the sales of the Codeshared Flights. The Operating Carrier shall remit to taxation authorities all such interlineable Ticket Taxes.
 - (c) The Operating Carrier may bill the Ticketing Carrier for any Ticket Taxes due or payable on or measured by passenger enplanement and payable or remittable by the Operating Carrier or the Marketing Carrier that should have been collected at the time of ticket sale or travel document issue by the Ticketing Carrier.
 - (d) If the Ticketing Carrier is a third party, the Marketing Carrier shall use commercially reasonable efforts to cause such third party to implement the foregoing provisions.
- 17.3 Notwithstanding the provisions of Section 17.2, if the Ticketing Carrier is prohibited by law from collecting certain Ticket Taxes in the country where tickets are sold or where travel documents are issued, then the Ticketing Carrier is relieved from collecting only such Ticket Taxes so prohibited by law and shall notify the Operating Carrier within thirty (30) days of becoming aware of the existence of such laws which Ticket Taxes it is prohibited from collecting and render reasonable assistance to the Operating Carrier so that procedures can be implemented to collect such Ticket Taxes from the passenger.

- 17.4 Both Parties acknowledge that the tax laws of the countries in which they may operate in connection with the Codeshared Flights may require withholding of taxes on certain of the payments that either of the Parties or their agents (the “**Payer**”) may be required to pay to the other Party (the “**Payee**”), under this Agreement. It is agreed that payments to the Payee shall be exclusive of withholding such that the Payee will receive the net amount after deduction of such withholding tax, provided however, that the Payer shall inform the Payee in writing with at least forty five (45) days' advance notice of its intent to withhold the taxes and the legal basis for such withholding. The Payer shall inform the Payee:
- (a) within fifteen (15) days of receipt by the Payer of any directives that may be given to the Payer by such taxation authority; and
 - (b) within fifteen (15) days of payment by the Payer to the relevant taxation authority the amounts withheld by the Payer.
- 17.5 Tax will not be deducted pursuant to Section 17.4 if the Payee can furnish the Payer with an exemption certificate. The Payee shall provide such forms as often as legally required to exempt such payments from any withholding tax. If the Payer is obligated to withhold taxes as provided under Section 17.4, the Payer shall provide the Payee a tax receipt as may be necessary to support a claim for a foreign tax credit under the Applicable Laws.
- 17.6 For U.S. income tax purposes, Qantas shall, as often as legally required, furnish American with a duly executed U.S. tax form 4224 or form W-8ECI, or such other forms as the U.S. Internal Revenue Service may require from time to time, so that American may report any relevant transactions arising under this Agreement and, if applicable, substantiate an exemption from any obligation on American's part with respect to any income tax withholding or reporting obligations on payments made to Qantas.
- 17.7 If either Party receives notice from any taxation authority with respect to any assessment or potential assessment or imposition of any Tax (collectively, an “**Assessment**”) relating to this Agreement, that the other Party may be responsible for paying, directly or indirectly, the Party so notified shall inform the other Party in writing within ten (10) days of receipt of such notice. If the Party receiving such notice from a taxation authority is or will be required to pay any Assessment for which the other Party is ultimately responsible, it shall be entitled to be indemnified against such Assessment in accordance with Section 15. The Indemnifying Party shall have the option to defend or contest such Assessment in accordance with the procedures set forth in Section 15.
- 17.8 Without limiting the other provisions of this Section 17 and Section 18 below, the Marketing Carrier shall be responsible for and shall pay or reimburse the Operating Carrier for and indemnify the Operating Carrier against all taxes, charges, fees and other imposts of whatever kind (including any fine or penalty imposed in connection therewith) levied, assessed, charged or collected in connection with the Marketing Carrier's traffic carried by the Operating Carrier under this Agreement, payments made under this Agreement, or the services

performed by the Operating Carrier for the Marketing Carrier pursuant to this Agreement.

18. CONSUMPTION TAX

- 18.1 **"Consumption Tax"** means a tax imposed by legislation of any jurisdiction on supplies of goods, services and any other things which is in the nature of goods and services tax or value-added tax.
- 18.2 Notwithstanding any other Section in this Agreement, any charge or other amount payable under this Agreement ("**Base Amount**") for the supply of any goods, services or other things under this Agreement is stated as exclusive of Consumption Tax.
- 18.3 If Consumption Tax is imposed on any supply made pursuant to this Agreement, the Marketing Carrier must pay, in addition to the Base Amount to which the Consumption Tax relates, an amount calculated by multiplying the prevailing Consumption Tax rate by the Base Amount (without any deduction or set-off). Any amount payable under this Section 18.3 is payable on the day and in accordance with the same payment procedures that payment of the Base Amount (or part of the Base Amount) for the supply that has given rise to the obligation to pay Consumption Tax, is required pursuant to this Agreement.
- 18.4 Where this Agreement specifies that a Party must pay for a good or service from a third party, that Party must also pay any Consumption Tax which is payable to the third party or otherwise in connection with those goods or services, unless expressly stated otherwise.
- 18.5 The Parties agree to use reasonable efforts to issue a tax invoice as required by the relevant Consumption Tax legislation or any relevant rulings or guidelines, and to do anything else which may be required to enable or assist the other Party to claim or verify any input tax credit, set off, rebate or refund in respect of any Consumption Tax paid or payable in connection with supplies under this Agreement.

19. JOINT MANAGEMENT COMMITTEE

- 19.1 American and Qantas will operate a Joint Management Committee (the "**Committee**"). American and Qantas will each designate two (2) management representatives to the Committee and each will have the right to replace its management designees at any time upon prior written notice to the other Party. The Committee will endeavor to meet semi-annually (in person or by telephone) at a mutually agreed time and location and will meet at such additional times as it determines appropriate for the performance of its responsibilities or as reasonably requested by either Party. Each meeting will be conducted in accordance with an agenda to be determined as described below. Either Party may place an item on the agenda of any meeting of the Committee.

- 19.2 The Committee will oversee the management of the transactions and relationships contemplated in this Agreement, and, in that capacity, will review the planning and implementation of the cooperative services of American and Qantas, and their respective airline Affiliates. The Committee will, as part of its responsibilities, monitor customer service quality, system development, performance of Codeshared Flights, marketing approach and techniques, shared use of facilities, frequent flyer arrangements, and all other aspects of the implementation, operation, and compliance with this Agreement. The Committee will consider ways to improve the performance and efficiency of the cooperative services to reduce costs and to increase the benefits afforded to American and Qantas by the relationship. The Committee will also actively consider, and endeavor to develop, opportunities for expanding the scope of the relationship between the Parties and their respective Affiliates. Areas for further cooperation may include, but are not limited to, ground handling, joint purchasing of fuel and other items, facilities consolidation, maintenance, insurance, and the provision of management services and systems by American and/or Qantas and their respective Affiliates. The Committee will resolve any differences between the Parties on a fair and amicable basis. In performing its responsibilities, the Committee will be mindful of, and will comply with, all laws and regulations applicable to American and Qantas, including, without limitation, laws and regulations governing competition between American and Qantas.

20. FORCE MAJEURE

Except with respect to the performance of payment, confidentiality, and indemnity obligations, which shall be unconditional under this Agreement, neither Party shall be liable for delays in or failure to perform under this Agreement to the extent that such delay or failure (an “**Excusable Delay**”) (a) is caused by any act of God, war, natural disaster, strike, lockout, labor dispute, work stoppage, fire, serious accident, epidemic or quarantine restriction, act of government or any other cause, whether similar or dissimilar, beyond the control of that Party; and (b) is not the result of that Party's lack of reasonable diligence. If an Excusable Delay continues for thirty (30) days or longer, the non-delayed Party shall have the right, at its option, to terminate this Agreement by giving the non-performing Party at least thirty (30) days' prior written notice.

21. GOVERNING LAW AND DISPUTE RESOLUTION

- 21.1 This Agreement shall in all respects be governed by and construed in accordance with the laws of England (without regard to its conflict of laws principles) including all matters of construction, validity and performance.
- 21.2 All disputes arising out of or in connection with this Agreement shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce (the “**Rules**”) by a panel of arbitrators appointed in accordance with such Rules. The arbitration panel shall consist of three (3) arbitrators who are knowledgeable about the legal, marketing, and other business aspects of the airline industry, and fluent in the English language. The arbitration may be conducted by only one (1) arbitrator if Qantas and American agree in advance of the arbitration on

a mutually acceptable individual. The arbitration proceedings shall take place in Sydney, Australia, and shall be conducted in the English language.

- 21.3 Each Party irrevocably submits to the nonexclusive jurisdiction of New York, for purposes of enforcing any arbitral award or for other legal proceedings arising out of this Agreement or any transactions contemplated in this Agreement. Each Party, to the fullest extent it may effectively do so under substantive governing law applicable to this Agreement, also irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court and any objection that it may have as to venue or inconvenient forum in respect of claims or actions brought in such court.
- 21.4 Qantas and American each acknowledge that the transactions contemplated in this Agreement involve commercial activity carried on in the United States of America and Australia. To the extent that either Party or any of its property is or becomes entitled at any time to any immunity on the grounds of sovereignty or otherwise, including under the Foreign Sovereign Immunities Act of 1976 of the United States of America, from any legal action, suit, arbitration proceeding or other proceeding, from set-off or counterclaim, from the jurisdiction of any court of competent jurisdiction, from service of process, from attachment prior to judgment or after judgment, from attachment in aid of execution or levy or execution resulting from a decree or judgment, from judgment or from jurisdiction, that Party for itself and its property does hereby irrevocably and unconditionally waive all rights to, and agrees not to plead or claim any such immunity with respect to its obligations, liabilities or any other matter arising out of or in connection with this Agreement or its subject matter. The foregoing waiver and agreement is not subject to withdrawal in any jurisdiction.

22. COVENANT TO COMPLY WITH ALL LAWS

- 22.1 In performing its obligations under this Agreement, each Party shall, at its own cost and expense, fully comply with, and have all licenses under, all applicable federal, state, provincial and local laws, rules and regulations of the United States, Australia and all third countries, including, without limitation, rules and regulations promulgated by the U.S. National Transportation Safety Board, U.S. Department of Transportation, U.S. Federal Aviation Administration, the U.S. Department of Defense, U.S. Transportation Safety Administration, the Australian Civil Aviation Safety Authority, Air Services Australia, the Australian Department of Transport and Regional Services and The International Air Services Commission.
- 22.2 If either Party has notice that a provision of this Agreement is contrary to any Applicable Laws or governmental regulations, that Party shall immediately notify the other Party in writing, such notice to include a description of the perceived violation of regulation and supporting written materials that facilitate the other Party's investigation of such perceived violation.

23. **PUBLICITY**

Except as required by Applicable Law or authorized under a **oneworld** agreement in place between the Parties, neither Party may issue any written press release or make any public statement concerning this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed.

24. **CONFIDENTIALITY**

24.1 Except as necessary to obtain any Governmental Approvals or as otherwise provided below, each Party shall, and shall ensure that its directors, officers, employees, Affiliates, and professional advisors (collectively, the **"Representatives"**), at all times, maintain strict confidence and secrecy in respect of all Confidential Information of the other Party (including its Affiliates) received directly or indirectly as a result of this Agreement. If a Party (the **"Disclosing Party"**) is requested to disclose any Confidential Information of other Party (the **"Affected Party"**) under the terms of a subpoena or order issued by a court or governmental body, it shall (a) notify the Affected Party immediately of the existence, terms, and circumstances surrounding such request, (b) consult with the Affected Party on the advisability of taking legally available steps to resist or narrow such request, and (c) if any disclosure of Confidential Information is required to prevent the Disclosing Party from being held in contempt or subject to other legal penalty, furnish only such portion of the Confidential Information as it is legally compelled to disclose and use commercially reasonable efforts to obtain an order or other reliable assurance that confidential treatment shall be accorded to the disclosed Confidential Information. Each Party agrees to transmit Confidential Information only to such of its Representatives as required for the purpose of implementing and administering this Agreement, and shall inform such Representatives of the confidential nature of the Confidential Information and instruct such Representatives to treat such Confidential Information in a manner consistent with this Section 24.1.

Within ninety (90) days after the termination of this Agreement or on reasonable request by the Disclosing Party, each Party shall either deliver to the other Party or destroy all copies of the other Party's Confidential Information in its possession or the possession of any of its representatives (including, without limitation, any reports, memoranda or other materials prepared by such Party or at its direction) and purge all copies encoded or stored on magnetic or other electronic media or processors, unless and only to the extent that the Confidential Information is necessary for the continued administration and operation of such Party's programs or is reasonably necessary in connection with the resolution of any dispute between the Parties.

24.2 Each Party acknowledges and agrees that in the event of any breach of this Section 24, the Affected Party shall be irreparably and immediately harmed and could not be made whole by monetary damages. Accordingly, it is agreed that, in addition to any other remedy at law or in equity, the Affected Party shall be entitled to an injunction or injunctions (without the posting of any bond and

without proof of actual damages) to prevent breaches or threatened breaches of this Section 24 and/or to compel specific performance of this Section 24.

- 24.3 The confidential obligations of the Parties under this Section 24 shall survive the termination or expiration of this Agreement for a period of five (5) years.

25. ASSIGNMENT

Neither Party may assign or otherwise convey any of its rights under this Agreement, or delegate or subcontract any of its duties hereunder, without the prior written consent of the other Party; provided however, that each of American and Qantas may assign, subcontract or delegate any of its rights, duties or obligations under this Agreement to any of its Affiliates provided that such assignment and/or delegation shall not relieve American or Qantas of any of its obligations under this Agreement.

26. SEVERABILITY

If any provision of this Agreement is or becomes illegal, invalid or unenforceable under the law of any jurisdiction, such provision shall be severed from this Agreement in the jurisdiction in question and shall not affect the legality, validity or enforceability of the remaining provisions of this Agreement nor the legality, validity or the enforceability of such provision under the law of any other jurisdiction; unless, in the reasonable opinion of either Party, any such severance affects the commercial basis of this Agreement, in which case the Party shall so inform the other Party and the Parties shall negotiate in good faith to agree upon modification of this Agreement so as to maintain the balance of the commercial interests of the Parties. If, however, such negotiations are not successfully concluded within ninety (90) days from the date a Party has informed the other that the commercial basis has been affected, either Party may terminate this Agreement by giving at least thirty (30) days' prior written notice to the other Party.

27. EXCLUSIVITY

- 27.1 The Parties agree that the codesharing relationship described in this Agreement will be exclusive and precludes either Party from entering into or maintaining marketing relationships, including codesharing, with other airlines to the extent that:

- (a) During the Term of this Agreement, Qantas shall not, and shall cause its Affiliates not to:
 - (i) place the QF Code or any Affiliate's Code, on any flight operated by any air carrier domiciled in the United States, other than American and its Affiliates, without American's prior written consent; or
 - (ii) permit any air carrier domiciled in the United States, other than American and its Affiliates, to place its Code on any flight

operated by Qantas or any Affiliate of Qantas, without American's prior written consent; or

- (iii) place the QF Code or any Affiliate's Code, on any flight to, from, via, or within the United States, other than flights operated by Qantas and its Affiliates and American and its Affiliates, without American's prior written consent; or
 - (iv) permit any air carrier, other than American and its Affiliates, to place its Code on any flights to, from, via, or within the United States, operated by Qantas or any Affiliate of Qantas, without American's prior written consent.
- (b) During the Term of this Agreement, American shall not, and shall cause its Affiliates not to:
- (i) place the AA Code or any Affiliate's Code, on any flight to, from, via, or within Australia, other than flights operated by American and its Affiliates and Qantas and its Affiliates, without Qantas' prior written consent; or
 - (ii) permit any air carrier, other than Qantas and its Affiliates, to place its Code on any flights to, from, via, or within Australia operated by American or any Affiliate of American, without Qantas' prior written consent.
 - (iii) place the AA Code or any Affiliate's Code, on any flight to, from, via, or within Australia, other than flights operated by American and its Affiliates and Qantas and its Affiliates, without Qantas' prior written consent; or
 - (iv) permit any air carrier, other than Qantas and its Affiliates, to place its Code on any flights to, from, via, or Australia] operated by American or any Affiliate of American, without Qantas' prior written consent.

27.2 The Parties agree that the exclusivity provisions of the foregoing Section 27.1 shall not apply to:

- (a) codeshared arrangements currently in force between each of Qantas and American and third parties, and any future renewals or modifications of such commitments; or
- (b) codeshared arrangements with any member of the oneworld alliance.

28. FURTHER ASSURANCES

28.1 Each Party shall perform such further acts and execute and deliver such further instruments and documents at such Party's cost and expense as may be

required by Applicable Laws, rules or regulations or as may be reasonably requested by the other to carry out and effectuate the purposes of this Agreement.

- 28.2 If and to the extent the transactions or activities contemplated by this Agreement require the cooperation or participation of an Affiliate of a Party hereto, such Party shall cause such Affiliate to cooperate or participate in such transaction or activity. Each Party shall cause such Affiliate to perform such acts and execute and deliver such further instruments and documents as may reasonably be required by the other Party to provide for such cooperation and participation, including, without limitation, execution of an addendum providing for such Affiliate to become a party to this Agreement.

29. MISCELLANEOUS

- 29.1 This Agreement contains the entire agreement between the Parties relating to its subject matter, and supersedes any prior understandings or agreements between the Parties regarding the same subject matter. This Agreement may not be amended or modified except in writing signed by a duly authorized representative of each Party.
- 29.2 The relationship of the Parties hereunder shall be that of independent contractors. Neither Party is intended to have, and neither of them shall represent to any other person that it has, any power, right or authority to bind the other, or to assume, or create, any obligation or responsibility, express or implied, on behalf of the other, except as expressly required by this Agreement or as otherwise permitted in writing. Nothing in this Agreement shall be construed to create between the Parties and/or the Parties' Representatives any partnership, joint venture, employment relationship, franchise or agency (except that the Operating Carrier shall have supervisory control over all passengers during any Codeshared Flight, including any employees, agent or contractors of the Marketing Carrier who are on board any such flight).
- 29.3 In the event that there occurs a substantial change in market conditions in general or in the condition of either Party, which change is not substantially the result of an act or omission of the Party requesting a change or amendment to this Agreement, and which change has a material adverse effect on either Party to this Agreement, then American or Qantas may propose a review of or amendment to this Agreement to limit or expand any of the terms, to extend the relationship to additional activities or city-pair destinations or otherwise to modify in any way the transactions or relationships contemplated in this Agreement. However, neither American nor Qantas will have any obligation, for any reason, to effect such an amendment.
- 29.4 All rights, remedies and obligations of the Parties hereto shall accrue and apply solely to the Parties hereto and their permitted successors and assigns; there is no intent to benefit any third parties, including the creditors of either Party.

- 29.5 This Agreement may be executed and delivered by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all of which taken together shall constitute one and the same instrument.
- 29.6 No failure to exercise and no delay in exercising, on the part of any Party, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law. The failure of any Party to insist upon a strict performance of any of the terms or provisions of this Agreement, or to exercise any option, right or remedy herein contained, shall not be construed as a waiver or as a relinquishment for the future of such term, provision, option, right or remedy, but the same shall continue and remain in full force and effect. No waiver by any Party of any term or provision of this Agreement shall be deemed to have been made unless expressed in writing and signed by such Party.
- 29.7 This Agreement is the product of negotiations between Qantas and American, and shall be construed as if jointly prepared and drafted by them, and no provision hereof shall be construed for or against any Party by reason of ambiguity in language, rules of construction against the drafting Party, or similar doctrine.
- 29.8 Neither Party shall be liable for any exemplary, punitive, special or consequential damages, meaning lost revenues, lost profits or lost prospective economic advantage, arising from any performance or failure to perform under this Agreement, even if such Party knew or should have known of the possibility thereof, and each Party hereby releases and waives any claims against the other Party regarding such damages. FOR THE AVOIDANCE OF DOUBT, THE PARTIES AGREE THE FOREGOING SHALL NOT LIMIT A PARTY'S OBLIGATION TO INDEMNIFY THE OTHER IN ACCORDANCE WITH SECTION 15 FOR DAMAGES ARISING OUT OF OR RELATING TO A CLAIM, SUIT OR CAUSE OF ACTION BY A THIRD PARTY.

30. NOTICES

Unless otherwise expressly required in this Agreement, all notices, reports, invoices and other communications required or permitted to be given to or made upon a Party to this Agreement shall be in writing, shall be addressed as provided below and shall be considered as properly given and received: (i) when delivered, if delivered in person (and a signed acknowledgment of receipt is obtained); (ii) three (3) Business Days after dispatch, if dispatched by a recognized express delivery service that provides signed acknowledgments of receipt; (iii) seven (7) Business Days after deposit in the applicable postal service delivery system; or (iv) if transmitted by facsimile, upon completion of transmission and upon confirmation by the sender (by a telephone call to a representative of the recipient or by machine confirmation) that the transmission was received. For the purposes of notice, the addresses of the Parties shall be as set forth

below; provided, however, that either Party shall have the right to change its address for notice to any other location by giving at least three (3) Business Days prior written notice to the other Party in the manner set forth above.

If to American: 4333 Amon Carter Blvd., MD5635
Fort Worth, Texas 76155
U.S.A.

Attention: Managing Director – International Planning
Responsible for Qantas Codeshare
Facsimile: 817-967-3179
Telephone: 817-963-2354

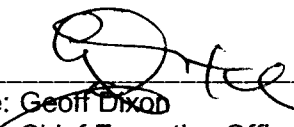
If to Qantas: Qantas Airways Limited
Qantas Centre Building A/7
203 Coward St
Mascot 2020
AUSTRALIA

Attention: General Manager - Alliances
Facsimile: 61-2-9691-3540
Telephone: 61-2-9691-3520

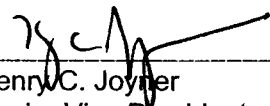
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IN WITNESS WHEREOF, the duly authorized representatives of the Parties have executed this Agreement as of the date first indicated above.

QANTAS AIRWAYS LIMITED

By: 
Name: Geoff Dixon
Title: Chief Executive Officer

AMERICAN AIRLINES, INC.

By: 
Name: Henry C. Joyner
Title: Senior Vice President – Planning

Attachments:

Annexes:

- Annex A - Definitions
- Annex B - Codeshared Routes
- Annex C - Minimum Standards for Operating and Dependability Standards
- Annex D - Financial Settlement

ANNEX A

DEFINITIONS AND INTERPRETATION

As used in this Agreement, the following terms with their initial letters capitalized (or otherwise defined) in the headings, recitals or elsewhere in this Agreement, shall have the meanings ascribed below (or where otherwise defined), and references herein to Sections shall refer to sections of the main text of this Agreement unless otherwise noted:

"Advertisements" has the meaning assigned to such term in Section 5.4 hereof.

"Affected Party" has the meaning assigned to such term in Section 24.1 hereof.

"Affiliate" means, with respect to any person or entity, any other person or entity directly or indirectly controlling, controlled by, or under common control with, such person or entity. For purposes of this definition, **"control"** (including **"controlled by"** and **"under common control with"**) means the power, directly or indirectly, to direct or cause the direction of the management and policies of such person or entity, whether through the ownership of voting securities, by contract or otherwise.

"Airline Guides" means the printed and electronic data versions of the **"Official Airline Guide"** and the **"ABC World Airlines Guide,"** and their respective successors.

"American Codeshare Commission" has the meaning assigned to such term in Section 6.2(e) hereof.

"Applicable Law" means all applicable laws of any jurisdiction including securities laws, tax laws, tariff and trade laws, ordinances, judgments, decrees, injunctions, writs, and orders or like actions of any Competent Authority and the rules, regulations, orders or like actions of any Competent Authority and the interpretations, licenses, and permits of any Competent Authority.

"Base Amount" has the meaning assigned to such term in Section 18.2 hereof.

"Business Day" means any day other than a Saturday, Sunday or other day in which banking institutions in New York, New York or Sydney, Australia are required by law, regulation or executive order to be closed.

"Code" means the two (2) character identifier assigned to a carrier by IATA for the purpose of exchanging interline carrier messages in accordance with AIRIMPS procedures.

"Codeshared Flight" has the meaning set forth in Section 2.1 hereof.

"Codeshared Routes" has the meaning set forth in Section 2.1 hereof.

"Codeshared Passenger" means a passenger traveling on a Marketing Carrier Flight Coupon.

"Committee" has the meaning assigned to such term in Section 19.1 hereof.

"Competent Authorities" means any national, federal, state, county, local or municipal government body, bureau, commission, board, board of arbitration, instrumentality, authority,

agency, court, department, inspectorate, minister, ministry, official or public or statutory person (whether autonomous or not) having jurisdiction over this Agreement or either Party.

"Conditions of Carriage" means those conditions of contract and rules of carriage of a Party that govern the transport of passengers traveling on tickets showing such Party's Code in the carrier code box of the flight coupon.

"Confidential Information" means (a) all confidential or proprietary information of a Party, including, without limitation, trade secrets, information concerning past, present and future research, development, business activities and affairs, finances, properties, methods of operation, processes and systems, customer lists, customer information (such as passenger name record or **"PNR"** data) and computer procedures and access codes; and (b) the terms and conditions of this Agreement and any reports, invoices or other communications between the Parties given in connection with the negotiation or performance of this Agreement; and (c) excludes (i) information already in a Party's possession prior to its disclosure by the other Party; (ii) information obtained from a third person or entity that is not prohibited from transmitting such information to the receiving Party as a result of a contractual, legal or fiduciary obligation to the Party whose information is being disclosed; (iii) information that is or becomes generally available to the public, other than as a result of disclosure by a Party in violation of this Agreement; or (iv) information that has been or is independently acquired or developed by a Party, or its Affiliate, without violating any of its obligations under this Agreement.

"CRS" means a computerized system owned or operated by any entity, including either Party to this Agreement, that contains information about commercial airline schedules, fares, cargo rates, passenger and cargo tariff rules and flight availability that is made available to travel agents, cargo agents and other non-airline entities to facilitate their ability to make reservations and issue tickets and air waybills.

"Damages" means all claims, suits, causes of action, penalties, liabilities, judgments, fines, losses and expenses of any nature or kind whatsoever (including, for the avoidance of doubt, internal expenses of the indemnified Party, such as employee salaries and the costs of cooperating in the investigation, preparation or defense of claims) under the laws of any jurisdiction (whether arising in tort, contract, under the Warsaw Convention and related instrument, or otherwise), including reasonable costs and expenses of investigating, preparing or defending any claim, suit, action or proceeding (including post judgment and appellate proceedings or proceedings that are incidental to the successful establishment of a right of indemnification), such as reasonable attorneys' fees and fees for expert witnesses, consultants and litigation support services.

"Disclosing Party" has the meaning set forth in Section 24.1 hereof.

"DOD" has the meaning set forth in Section 14.7(d) hereof.

"DOT" has the meaning set forth in Section 14.7(d) hereof.

"Excusable Delay" has the meaning set forth in Section 20 hereof.

"FAA" has the meaning set forth in Section 14.7(e) hereof.

"Frequent Flyer Participating Carrier Agreements" means the agreements, from time to time, between the Parties relating to the participation of one Party in the other Party's frequent flyer program.

“Governmental Approvals” means any authorizations, licenses, certificates, exemptions, designations, or other approvals of Competent Authorities that are reasonably required (in the opinion of either Party) for the operation of the Codeshared Flights.

“IATA” means the International Air Transport Association.

“IATA Clearing House” means the clearing house established by IATA to administer and implement revenue settlement by reference to the Revenue Accounting Manual published by IATA.

“Indemnification Notice” has the meaning assigned to such term in Section 15.3 hereof.

“Indemnified Party” has the meaning assigned to such term in Section 15.3 hereof.

“Indemnifying Party” has the meaning assigned to such term in Section 15.3 hereof.

“Interline Service Charge” means the standard IATA payment, as amended from time to time by IATA, made by the ticket using carrier to the Ticketing Carrier, for the Ticketing Carrier’s commission sales costs.

“Lounge Access Agreements” means the oneworld Lounge Access Agreement, dated January 27, 1999, as amended from time to time, and all other written agreements in place between American and Qantas relating to access to each other’s club lounge facilities.

“Marketing Carrier” means the Party whose Code is shown in the carrier code box of a flight coupon for a Codeshared Flight but which is not the Operating Carrier.

“Marketing Carrier Flight Coupon” means a flight coupon of a ticket issued by the Marketing Carrier, Operating Carrier or a third party for travel on a Codeshared Flight showing the Marketing Carrier’s Code in the carrier code box of the flight coupon.

“Marketing Carrier Indemnified Party” has the meaning assigned to such term in Section 15.1 hereof.

“Marketing Carrier Reviews” has the meaning assigned to such term in Section 8.5 hereof.

“Marketing Carrier Ticket” means a ticket issued by the Marketing Carrier, Operating Carrier or a third party that contains at least one Marketing Carrier Flight Coupon.

“Marketing Flight(s)” means a Codeshared Flight when displayed, sold, or referred to as a flight of the Marketing Carrier rather than a flight of the Operating Carrier, such as when using the Marketing Carrier’s name, Designator Code and/or flight number.

“oneworld alliance” means the globally-branded multilateral airline alliance in which American and Qantas participate.

“Operating Carrier” means the Party having operational control of an aircraft used for a given Codeshared Flight.

“Operating Carrier Indemnified Party” has the meaning assigned to such term in Section 15.2 hereof.

"Payee" and "Payer" have the meanings assigned to such terms in Section 17.4 hereof.

"Qantas Codeshare Commission" has the meaning assigned to such term in Section 6.2(f) hereof.

"RAA" has the meaning assigned to such term in Section 6.2(b) hereof.

"Representatives" has the meaning assigned to such term in Section 24.1 hereof.

"Reservations System" means the internal computerized airline passenger or cargo reservations system used by the personnel of an airline that contains information about flight schedules, fares, cargo rates, passenger and cargo tariff rules and seat availability of that airline and other carriers, and provides the ability to make reservations and issue tickets or air waybills.

"Rules" has the meaning assigned to such term in Section 21.2 hereof.

"Special Prorate Agreement" means the agreement, from time to time, between the Parties relating to the proration of interline revenue.

"Term" has the meaning assigned to such term in Section 14.1 hereof.

"Ticketing Carrier" means a carrier whose traffic documents are used to issue a ticket.

"Ticket Taxes" means any transactional taxes or passenger facility charges, including, without limitation, sales taxes, use taxes, stamp taxes, excise taxes, value added taxes, gross receipts taxes, departure taxes, surcharges and travel taxes, and all related charges, fees, licenses or assessments (and any interest or penalty thereon) imposed on passengers (or which air carriers or their agents are required to collect from passengers) by any authority in any country, or political subdivision thereof or public authority operating therein (including, without limitation any national, federal, state, provincial, territorial, local, municipal, port or airport authority) or which are levied upon passengers by operation of Applicable Law or industry standard. Ticket Taxes together with the taxes referred to in Section 18.1 are collectively referred to as **"Taxes"**.

"Travel Documents" means, but is not limited to, passports, visas (or their electronic equivalent) and tickets or electronic ticket receipts or itineraries required for entry into the country where the passenger is ticketed or is in-transit.

"USD" means lawful currency of the United States of America.

ANNEX B

CODESHARED ROUTES

1. Codeshared Routes on which the Parties and their Affiliates will codeshare from the date hereof, subject to obtaining all Governmental Approvals.

Codeshared Routes		Operating Carrier	Transpacific
From	To	American	
LAX	BOS		
	DEN		
	DFW		
	EWR		
	IAD		
	JFK		
	LAS		
	MIA		
	ORD		
	SAN		
	SFO		
	SJC		
	STL		
HNL	YYZ		
	DFW		
	LAX		
	ORD		
	SFO		
ORD	SJC		
	YOW		
	YUL		
JFK	YYZ		
	YUL		
AKL	BNE	Qantas	
	CHC		
	WLG		
LAX	AKL		X
	BNE		X
	MEL		X
	SYD		X
JFK	SYD		X
SYD	ADL		
	AKL		
	BNE		
	CHC		
	CNS		
	HNL		X
	MEL		
	PER		

2. Subject to this Agreement the Operating Carrier reserves the right to change the flight numbers, equipment, and schedules for Codeshared Flights.

ANNEX C

MINIMUM STANDARDS FOR OPERATING AND DEPENDABILITY

1. The Operating Carrier shall adhere to the following operation completion and dependability standards for each Codeshared Flight. Each Codeshared Flight shall have an operating completion rate of ninety-five percent (95% (i.e. no more than 5 % of Codeshared Flights will be cancelled) and an arrival rate of sixty percent (60% (i.e. on-time performance) within thirty (30) minutes of the scheduled arrival time, as measured on an average basis every six (6) months during the Term of this Agreement.
2. If the Operating Carrier fails to meet the standards established by this Annex C with respect to any city-pair market served by the Codeshared Flights (the "**Affected Codeshared Flight**"), the Marketing Carrier shall be entitled, after providing the Operating Carrier with a reasonable opportunity to cure such failure (which shall not exceed ninety (90) days), to withdraw its Code from the affected city-pair market

ANNEX D

FINANCIAL SETTLEMENT

AMERICAN CODESHARE COMMISSION

The American Codeshare Commission for the transpacific (as specified in Annex B) Codeshared Routes will be calculated by multiplying the net prorated value (as determined in accordance with Section 6.2(e)) of Marketing Carrier Flight Coupons by the applicable commission percentage, which for purposes of this Agreement, is detailed in the table below.

First Class Ticket
Business Class Ticket
Full Y Fare, Economy Class Ticket
Other Published Fares, Economy Class Ticket
Round the World and Global Explorer Fares, First,
Business, and Economy Class

REDACTED

The Ticketing Carrier will receive the Interline Service Charge, which will be in addition to the American Codeshare Commission payable to the Marketing Carrier.

The American Codeshare Commission may be renegotiated by and between the Parties as follows:

- (a) at any time by mutual written consent of the Parties hereto;
- (b) at any time prior to the six (6) month anniversary of this Agreement upon either Party providing at least thirty (30) days' written notice to the other Party, such notice to be served no earlier than the two (2) month anniversary date of this Agreement, and no later than the five (5) month anniversary of this Agreement, and such renegotiation to occur no later than thirty (30) days after such notice is sent;
- (c) at the meeting of the Committee immediately subsequent to each anniversary of this Agreement upon either Party providing at least thirty (30) days' written notice to the other Party, and such meeting and renegotiation to occur no later than two (2) months after such notice is sent; or
- (d) at any time when the Interline Service Charge program is amended by IATA.

Should American institute transpacific services on which Qantas codeshares, the Qantas Codeshare Commission payable to Qantas will be calculated at 10.5% of gross (as determined in accordance with Section 6.2(f)). This amount is subject to renegotiation as specified above, and shall be economically equivalent to the American Codeshare Commission rate of 11.2% of net payable to American.

American Airlines®

Mike Lenz
MANAGING DIRECTOR-INTERNATIONAL PLANNING

September 23, 2004

Mr. Geoff Dixon
Chief Executive Officer Qantas
Qantas Airways Limited
Qantas Centre Building A/9
203 Coward St
Mascot 2020 AUSTRALIA

Dear Mr. Dixon:

Notwithstanding Section 27 of the Codeshare Agreement, dated 23rd September 2004, by and between American and Qantas ("Codeshare Agreement"), and for the effective term of that agreement, American and Qantas hereby agree to the following.

Except for short-term arrangements entered into by a Party to meet operational requirements (for example, dry or wet leasing of an aircraft or mail/cargo transport operation), Qantas shall not, and shall cause its Affiliates not to, place the Qantas Code on:

- (a) any flight operated by Delta Air Lines, Inc. or United Air Lines, Inc. (or any successor thereto whether through corporate name change, emergence from bankruptcy, corporate re-composition, corporate liquidation, arrangement or special liquidation proceedings or otherwise which results in a corporate reorganization and an entity continues to be at least eighty (80) percent owned or controlled by Delta Air Lines, Inc. or United Air Lines, Inc. (as the case may be) or on flights operated by any of their respective Affiliates, without the prior approval by American; or
- (b) any scheduled non-stop flight between a Qantas Gateway and any other city within the United States of America that is operated by any other air carrier domiciled in the United States of America without first complying with the requirements set out in the next following paragraph.

If Qantas or a Qantas Affiliate wishes to place the Qantas Code for the purposes of codesharing on non-stop flights between a Qantas Gateway and another city within the United States of America, Qantas will give notice to American offering to place the Qantas Code on American non-stop flights servicing that route. If American has declined, or has not accepted the offer on terms acceptable to Qantas within 45 days and initiated the codeshare arrangement on the relevant city pairs within a further 45 days (in the case of a route already operated by American) or 120 days (in the case of a route not operated by American) or such longer period as the parties agree, then Qantas or a Qantas Affiliate may place the Qantas Code on non-stop flights that service those city pairs operated by any third party air carrier other than Delta Air Lines, Inc. or United Air Lines, Inc. (or any successor thereto whether through corporate name change, emergence from bankruptcy, corporate re-composition, corporate liquidation, arrangement or special liquidation proceedings or otherwise which results in a corporate reorganization and an entity continues to be at least eighty (80) percent owned or controlled by Delta Air Lines, Inc. or United Air Lines, Inc. (as the case may be)) or on flights operated by any of their respective Affiliates.

Except for short-term arrangements entered into by a Party to meet operational requirements (for example, dry or wet leasing of an aircraft or mail/cargo transport operation), American shall not, and shall cause its Affiliates not to, place American's Code on any scheduled flight operated within Australia or New Zealand, between Australia and New Zealand, or between Australia / New Zealand and the South West Pacific that is operated by any third party carrier, without first complying with the requirements set out in the next following paragraph.

If American or an American Affiliate wishes to place the American Code for the purposes of codesharing on flights operated by a third party air carrier within Australia or New Zealand, between Australia and New Zealand, or between Australia / New Zealand and the South West Pacific, American will give notice to Qantas offering to place the American Code on Qantas or Qantas Affiliate flights servicing that route. If Qantas declined, or has not accepted the offer on terms acceptable to American within 45 days and initiated the codeshare arrangements on the relevant city pairs within a further 45 days (in the case of a route already operated by Qantas) or 120 days (in the case of a route not operated by Qantas) or such longer period as the parties agree, then American or an American Affiliate may place the American Code on flights operated by any third party air carrier.

This letter agreement does not apply to codeshare agreements or arrangements:

- (i) in place between Qantas or American and any third party at the date of execution of the Codeshare Agreement, and any amendment, renewal or replacement of those arrangements; or
- (ii) with any member of the oneworld alliance.

In this letter agreement:

- (A) "Qantas Gateway" means a city in the United States to which Qantas operates scheduled flights; and
- (B) all other terms beginning with a capital letter have the meaning ascribed to them in the Codeshare Agreement unless the context requires otherwise.

To the extent and for as long as a Party complies with its obligations under this letter agreement, the other Party hereby waives and agrees to forbear from enforcing its rights under Section 27.1 of the Codeshare Agreement.

Please confirm your agreement with the foregoing by countersigning below and returning one (1) copy to my attention at the fax number listed below.

Very truly yours,

AGREED:

QANTAS AIRWAYS LIMITED

AMERICAN AIRLINES, INC

By: 

By: 

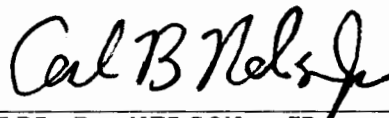
Date: 11th OCTOBER, 2004

Date: 9/23, 2004

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document by email on the following persons:

scott.mcclain@delta.com
sametta.c.barnett@delta.com
bkeiner@crowell.com
sascha.vanderbellen@nwa.com
bruce.rabinovitz@wilmerhale.com
jonathan.moss@wilmerhale.com
jeffrey.manley@united.com
bob.kneisley@wnco.com
robert.land@jetblue.com
msinick@ssd.com
cdonley@ssd.com
anbird@fedex.com
dvaughan@kelleydrye.com
kevin.montgomery@polaraircargo.com
jrichardson@johnlrichardson.com
lhalloway@crowell.com
efaberman@wileyrein.com
mroller@rollerbauer.com
howard_kass@usairways.com
benjamin.slocum@usairways.com
jhill@dlalaw.com
bill@mietuslaw.com
mgoldman@sbgdc.com
rsilverberg@sbgdc.com
dhainbach@ggh-airlaw.com
mcmilllin@woa.com
mchopra@jamhoff.com
russell.bailey@alpa.org
dkirstein@yklaw.com
jyoung@yklaw.com
donna.kooperstein@usdoj.gov
dwight.moore@ustranscom.mil
jim.ballough@faa.gov
byerlyjr@state.gov



CARL B. NELSON, JR.

April 16, 2008